

# KEEPING THE PROMISE OF LCFF: Key Findings & Recommendations After Two Years of LCFF Implementation

## EXECUTIVE SUMMARY



**Students, parents and advocates in California organized for nearly a decade to make a more equitable student funding formula — one based on student need — a reality.** Signed into law by Governor Jerry Brown in July 2013, the Local Control Funding Formula (LCFF) places California at the forefront in implementing a school funding formula weighted to student need. Now, after two full years of implementation in which Public Advocates staff have worked intensely in collaboration with students and parents engaging in development of their school district’s Local Control Accountability Plans (LCAPs), we pause to share some key lessons, challenges and opportunities that are emerging in district LCAP development.

At the heart of the new law is a basic bargain that in exchange for flexibility, districts would be transparent and accountable to local stakeholders through a rigorous community process. Districts and other Local Educational Agencies (LEAs) have just been relieved of a slew of bureaucratic compliance mandates tied to dozens of old state categorical programs. Those mandates required hours of accounting, tracking, reporting and general “bean-counting” of dollars spent. They limited district spending to the multiple, mostly narrow confines of the various restricted funds called categoricals and carried, as well, the threat of losing funds if someone bean-counted wrongly. Now districts can meld the old pots together to spend the funds much more flexibly, free from the strict and complex prerogatives of Sacramento. The deal was that in exchange for dropping all of that work and for having all this new flexibility, districts would be fully transparent around their spending, direct increased resources to high-need students, and engage community stakeholders in spending decisions.

Unfortunately, many districts are still continuing to approach the exercise of developing their LCAPs as one of compliance instead of

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continuous improvement. As a result, the plans are falling short of their promise to bring local transparency and accountability to public education. More concerning is the very real possibility that students will miss out on the equity promise at the heart of the new funding law because districts continue to spend funds the same way they always have with minimal reflection on how they are making a difference for high-need students and scant local input.

With that said, we see some sure signs of hope. For those districts making a serious investment in shifting the culture of their schools and district operations to incorporate meaningful community engagement and candid reflection, transformative change may be possible. It will be years until we can truly assess whether the strategies adopted in the last two years will bear fruit, but these green shoots deserve recognition and celebration.

Over the past two years, Public Advocates teamed up with youth leadership organization Californians for Justice to analyze LCAPs in several districts across the state and then led in-depth review sessions with students, parents and other

stakeholders to evaluate the quality of information and strategies in the local plans.<sup>1</sup> In addition, our staff has been embedded in a number of districts throughout the state to support capacity building of students, parents and also district staff to understand the opportunities and legal obligations of the district and incorporate community voice in the LCAP process. Finally, we have also reviewed LCAPs for additional districts, some in collaboration with the ACLU of California, with an eye especially towards understanding whether districts are meeting the minimal legal obligations of the new law, especially when it comes to increasing and improving services for high-need students.<sup>2</sup>

Based on these reviews, we have engaged with school districts and county offices of education directly about LCAP requirements and, in some instances, helped lead trainings of county and district LCAP leaders. [This report](#) draws on lessons learned from analyzing dozens of LCAPs in these multiple contexts to share key findings and craft recommendations in the hopes of ensuring that both the spirit and the letter of LCFF are fulfilled.



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***“What gives me hope is that I can really see that the district, and the parents, and the students are really trying for what’s best for our education. Everyone’s giving ideas and building on each other — just collaborating as a community, which is really the point of LCAP.”***

Naudika Williams, Student Member of Oakland Unified LCAP Advisory Committee, Californians for Justice leader

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## KEY FINDINGS ON LCAP CHALLENGES & OPPORTUNITIES

- A. Districts are not providing the level of transparency promised in exchange for increased spending flexibility. Most districts are missing the opportunity to use the LCAP as a comprehensive planning tool for continuous improvement.** Many of the LCAPs we reviewed only account for a sliver of their total budgets. A number of 2015-16 LCAPs accounted for less than half of the district's general fund spending (the primary operating budget for the district), and in some cases less than 10%. One district backtracked on its prior year LCAP by affirmatively choosing to only include supplemental and concentration grant funds. And even then, its LCAP only reflected \$31.2 million in supplemental and concentration funds out of \$36.3 million received.
- B. Many districts and LEAs are not yet fulfilling the equity promise of LCFF.**

One of the primary purposes behind LCFF's passage was to make school funding more equitable by providing greater resources to students who for too long have been underserved in our schools. Key to fulfilling this purpose are LCFF's rules around the proper use of supplemental and concentration funds to increase and improve services for high-need students in proportion the funding they generate.

Across the state, LEAs struggled especially with the reporting and justification requirements for these supplemental and concentration funds in Section 3 of the LCAP. Indeed LEA confusion regarding how to explain spending of supplemental and concentration funds in their LCAPs was such a widespread concern that the Sacramento County Office of Education invited Public Advocates to collaborate to train districts in their county on how to approach this section to meet the requirements of the law while upholding principles of equity and transparency. In January, we reprised this presentation for more than 40 COEs because of the near universal agreement that this was an area where districts really need more guidance and practice.<sup>3</sup>

The report delves into the following ***principal concerns we found regarding transparency in the use of supplemental and concentration funds*** generated by high-need students:

1. Districts are not properly justifying their use of supplemental and concentration funds by describing how they are ***principally directed*** and ***effective*** to serve the high-need students who generate those dollars. Low concentration districts are not explaining how districtwide uses of funds are the ***most effective use*** for high-need students.
2. Many districts fail to clearly explain how they are meeting their minimum obligation to ***increase and improve services for high-need students*** as compared to all students in proportion to the additional funds these students generate.
3. Some districts appear to ***significantly underspend supplemental and concentration dollars*** in the LCAP year compared to promised spending without explanation and appear to fail to carry over that obligation to subsequent years, which calls into ***question whether they are meeting their minimum proportionality obligations to high-need students***. In one extreme

example, a district reported spending only \$13 million out of more than \$27 million in supplemental and concentration funds that the district received in the prior year, amounting to a \$14 million shortfall in 2014-15 spending for high-need students. When pressed to explain the discrepancy, the district responded that to meet their proportionality obligation did not require accounting for all their supplemental and concentration spending. Even more troubling, *the district believed that it had no obligation to meet its minimum proportionality obligation in the fiscal year until LCFF is fully implemented*. This understanding contradicts the precise language of the regulations, which clearly state that “an LEA shall determine the percentage by which services for [high-need students] *must be increased or improved above services provided to all pupils in the fiscal year ....*”<sup>4</sup>

4. LCAPs generally fail to capture **how supplemental and concentration dollars are being spent at school sites**.
5. **Charter schools appear to be spending supplemental and/or concentration funds without any oversight whatsoever**. In general, most of the charter school LCAPs we reviewed failed to justify spending of supplemental and concentration funds according to the regulatory standard and lacked a clear explanation of how the charter school was increasing and improving services for high-need students. In one glaring instance, a charter school left that section of the LCAP entirely blank.

**C. Districts varied as to whether they adopted robust annual measurable outcomes, and some omitted legally required metrics to show how they are performing in the eight state priorities.**

*One notable area where districts seemed especially at a loss was identifying meaningful local measures of “parental involvement.”* Parental involvement includes “efforts the school district makes to seek parent input in making decisions for the school district and each individual schoolsite” and “how the school district will promote parental participation in programs for [high-need students] and individuals with exceptional needs.”<sup>5</sup> Where districts included measures of parental involvement, very few gauged these specific aspects of engagement.

*In an era of uncertainty regarding the state’s new accountability system and how districts and schools will be held responsible for performance, we also observed that **districts were reluctant to set ambitious targets** out of a concern that failure to meet those targets would lead to a loss of funding or autonomy.* Thus, progress on a given measure for all students or student subgroups were often pegged at increments of 1% or less. Absent clear, specific information about district performance across the eight state priority areas and corresponding meaningful targets for annual progress, stakeholders will struggle to assess whether district and school strategies are driving significant continuous improvement or should be revised. We are hopeful that the upcoming State Board of Education adoption of LCFF Evaluation Rubrics with “ambitious, yet attainable” performance standards will promote some level of consistency across districts.<sup>6</sup>

**D. Most Annual Updates we reviewed lacked the transparency necessary to serve as a robust tool for reflection and continuous improvement.** Districts were challenged by the kind of accounting both for funds but also for implementation of actions that the Annual Update requires. We found inconsistency in the quality of explanations and reflections in the Annual Update. In numerous cases, actual actions and



estimated actual spending in the Annual Update deviated significantly from planned actions and spending. Too often, districts failed to explain these discrepancies.

- E. **Too many districts approach LCAP community engagement as a checkbox, instead of a meaningful exercise in shared decisionmaking. But those districts that invested resources and partnered with community-based organizations are sowing seeds of real cultural transformation that can lead to increased student achievement.**

While districts have appeared to increase stakeholder outreach efforts as a result of LCFF and generally did well to summarize those LCAP development efforts in Section 1, too often districts and school sites continue to approach such engagement with a compliance mentality. We saw how **challenging it was for school district leaders to structure spaces for authentic feedback**. In many instances, the actual draft LCAP and Annual Update was only made available weeks if not days before the final public hearing, which provided minimal time to make meaningful recommendations on actions and spending. School districts struggled to provide appropriate **language interpretation and translation** throughout the process. Many school districts still have not translated their final LCAP documents or summaries for significant non-English speaking populations. We also observed some districts where there is **no distinct Parent Advisory Committee** to the LCAP in which parents are a majority, as the LCFF regulations require.

**Community-based organizations have stepped up significantly** to fill in the gaps and support meaningful implementation of LCFF's community engagement requirements. Their partnership has been critical in supporting turnout of diverse students and parents for districtwide meetings. We saw the most promising signs of change in districts that partnered actively with parent and student leadership organizations to turn out diverse parents and students and construct student- and parent-friendly spaces for discussion of LCAP goals, actions and spending. In these districts, community stakeholders and the district invested time in collaborating to improve the LCAP public participation process each year. As a result, the LCAPs reflected progress from Year 1 to Year 2 in the impact of community voices, although that impact may have been limited to specific priority actions or a subset of funding.

**FOR THE COMPLETE LIST OF FINDINGS AND SUPPORTING ANALYSIS,  
DOWNLOAD THE FULL REPORT HERE: [http://bit.ly/PA\\_LCAP\\_KeyFindings](http://bit.ly/PA_LCAP_KeyFindings).**

## KEY RECOMMENDATIONS

Below is a summary of key recommendations for state actors, county offices of education, local educational agencies, philanthropy and community stakeholders. A more comprehensive and detailed list of recommendations are provided [in the full report](#).

**For state actors, including the State Board of Education, the California Department of Education, the California Collaborative for Educational Excellence, the Governor and the Legislature:**

- 1) For “local control” to work, the state must **invest to build capacity of school districts and stakeholders** to make real the promise of local accountability and meaningful community engagement.
- 2) The State Board of Education should **issue guidance to** County Offices of Education and Local Educational Agencies that will **facilitate fiscal transparency and local accountability** by:
  - a) Clarifying that an LCAP is not acceptable if it does not capture all the district’s actions and expenditures for all students on the eight state priorities and thus reflect nearly all LCFF funds the district receives.
  - b) Clarifying LCAP requirements around reporting and justification of supplemental and concentration spending in the form of model sections, hypothetical examples, and clear instructions for reviewing and approving this section of the LCAP, which plays a critical role in ensuring LEAs meet their minimum proportional spending obligation to high-need students.
  - c) Clarifying that LEAs that fail to carry out the promised actions and services necessary to meet their minimum obligation to increase or improve services for high-need students in proportion to the funds generated by those students in the LCAP year have an ongoing obligation to carry forward unspent supplemental and concentration funds to make up for that failure in the following fiscal year.
- 3) The State Board of Education should adopt common sense **revisions to the LCAP Template** that clarify the obligations of Local Educational Agencies while improving the accessibility and transparency of information for community stakeholders, including the following:
  - a) Add a box in the Annual Update section or Section 3 indicating the total amount of supplemental and concentration funding the district needs to spend in the next year as a result of failing to fulfill its Minimum Proportionality Percentage obligation to its high-need students.
  - b) In Section 3A on supplemental and concentration spending, the template should be revised to explicitly state the applicable regulatory requirement for each separate districtwide and schoolwide use of supplemental and concentration funds (rather than referring obliquely to legal code provisions). As such, the template should clearly state that districts must identify each proposed use and justify:
    - i) How those funded actions are *principally directed* to meet the district’s goals for high need students, and

- ii) How those funded actions are *effective* to meet those goals, or for districts or schools below the concentration threshold, how those funded actions are *the most effective use of funds and the basis for that determination*.

*A more complete list of suggested template revisions can be found [in the full report](#).*

- 4) The state should **revise the current architecture for charter school LCAP review** to clarify how charter schools will receive the necessary support to develop LCAPs and how the state will ensure that the significant supplemental and concentration funds being sent directly to charter schools are being properly spent in service of high-need students consistent with the law. The state will also have to invest in the capacity of charter authorizers to review charter school LCAPs and use the evaluation rubric to provide support to underperforming charter schools as the law requires.
- 5) The State should consider **authorizing County Offices to disapprove a portion of the LCAP** and the corresponding LEA budget inasmuch as the current “all or nothing” approval option has made COEs reluctant to fully enforce LCFF requirements. With “line item” disapproval authority, COEs could more effectively correct significant LCAP shortcomings that nonetheless do not warrant wholesale rejection of a district’s operating budget. As an initial interim measure, COEs should have express authority to disapprove LCAPs that reflect less than 50% of LCFF funds.

#### **For County Offices of Education, which are the primary source of support and oversight to school districts in LCAP development and approval:**

- 1) Ensure that school districts are showing their full education program as it relates to the eight state priorities for all students. Where an LCAP contains very little of the district’s overall education spending, and especially LCFF funding, the COE should support the district to improve.
- 2) Actively review supplemental and concentration spending and whether it is properly justified under LCFF regulations. Require justifications of principally directed, effective or most effective uses as applicable.
- 3) Closely scrutinize vague descriptions of school-site spending and push for more clarity in how these funds are being spent in the LCAP and the Annual Update.
- 4) Engage in stronger support and monitoring of LCAP implementation to ensure that districts are leveraging their LCAP as a tool for continuous improvement, sharing data with staff, partners and stakeholders early on and seeking to implement the actions as planned. In addition, COEs should pay closer attention to the quality of reporting and explanation in the Annual Updates, especially regarding significant deviations in planned actions or spending.
- 5) Inquire where you see significant discrepancies in planned versus actual spending, especially of supplemental and concentration dollars, without explanation, to determine whether the LEA has met its minimum proportionality obligation. Where that minimum obligation has not been met for the LCAP year, instruct districts to carry forward unspent supplemental and concentration dollars into the following fiscal year as part of its ongoing minimum obligation to high-need students.

- 6) Partner with community-based organizations and advocates to provide training to districts on LCAP-related topics including best practices in meaningful stakeholder engagement, minimum legal requirements and high-leverage strategies to serve high-need students.
- 7) Post LCAPs for charter schools in your county, which are otherwise not generally available, and invite charter schools to participate in trainings on LCAP development.

#### **For Districts and other Local Educational Agencies:**

- 1) Promote partnership with students and parents in site and district-level decisionmaking, including designating staff to engage students and parents at school and district levels and offering high quality training on what meaningful engagement looks like that brings school leaders together with parents and students.<sup>7</sup>
- 2) To maximize the LCAP as a comprehensive planning tool, update the LCAP with newly available data, closely tracking implementation and impact of actions and services throughout the year, and sharing this information out to stakeholders and your Board.
- 3) Provide clear guidance and training for school leaders and communities on the proper use of supplemental and concentration funds and high-leverage strategies for serving high-need students.
- 4) To facilitate fiscal transparency, ensure that you are identifying the funding source for budgeted expenditures, including distinguishing LCFF Base and Supplemental and Concentration funds.
- 5) Adopt the best practice of using internal resource codes for supplemental and concentration dollars to be able to provide more accurate accounting of this spending, especially for purposes of the Annual Update and calculation of next year's Minimum Proportionality Percentage.
- 6) Invest resources in interpretation and translation of materials for non-English-speaking stakeholders to fully participate at engagement meetings.
- 7) Where a school district wishes after adoption of its LCAP to commit to significant current-year spending of LCFF funds (for example, through a bargained salary increase or other major new current-year expenditure commitment), the school district must meet stakeholder consultation and county approval obligations to revise its LCAP through the statutorily-mandated public process.

#### **For Philanthropy:**

- Invest in capacity building of grassroots organizations that are committed to bringing student, parent and caregiver voice to the table. These voices are critical to ensuring the promise of LCFF is fulfilled. We have seen that the involvement of community-based organizations in partnership with school districts makes a huge difference to the quality of community engagement, district and school-site planning that is integral to improving student achievement.



### For Students, Families and Community Stakeholders:

- 1) Get engaged; learn more about the new funding law and your district or charter school's LCAP.<sup>8</sup>
- 2) Join your school site council and/or attend districtwide engagements on LCAP and budget development, or request LCAP engagement meetings in your community.
- 3) Connect to community-based organizations in your area that are supporting capacity of students, parents and community to participate in the LCAP process.
- 4) Learn how to follow the money for high-need students. Ask these five questions about how your school district is spending supplemental and concentration funds:  
[http://bit.ly/5\\_Questions\\_on\\_SC\\_Funds](http://bit.ly/5_Questions_on_SC_Funds).

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For more background and resources on LCFF, please visit [www.publicadvocates.org/LCFF](http://www.publicadvocates.org/LCFF).

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## END NOTES

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<sup>1</sup> Public Advocates' LCAP summaries for 2015-16 are available at <http://bit.ly/PA2015LCAPSummaries>.

<sup>2</sup> The term "high-need students" refers to low-income, English language learner and foster youth students. Under LCFF, these categories of students are called "unduplicated pupils" for whom districts receive additional "supplemental" and/or "concentration" funds. See June 2015 Public Advocates-ACLU Letter to all State and County Superintendents re: Minimum Legal Requirements in LCAPs at <http://bit.ly/1L13RDY>.

<sup>3</sup> See Public Advocates' joint training materials with the Sacramento County Office of Education on Section 3 of the LCAP. For more information on this training and to access the materials, visit Public Advocates' website at [http://bit.ly/PA\\_Sec3\\_Training](http://bit.ly/PA_Sec3_Training) and Sacramento County Office of Education website at <https://www.scoe.net/lcap/training/Pages/default.aspx>. See also One-Pager on Section 3 Requirements at [http://bit.ly/LCAP3A\\_3B\\_1-pager](http://bit.ly/LCAP3A_3B_1-pager) and Public Advocates' Guiding Questions on the Use of Supplemental & Concentration Funds at [http://bit.ly/5\\_Questions\\_on\\_SC\\_Funds](http://bit.ly/5_Questions_on_SC_Funds).

<sup>4</sup> 5 CCR § 15496(a) (emphases added).

<sup>5</sup> Educ. Code § 52060(d)(3).

<sup>6</sup> State Board of Education March 2016 Agenda, Item 23 Memo, "Developing a New Accountability System: Update on the Local Control Funding Formula," Attachment 2, available at <http://www.cde.ca.gov/be/ag/ag/yr16/agenda201603.asp>.

<sup>7</sup> See, e.g., PICO California *et al.*, "Best Practices in LCFF Implementation: Developing a Culture of Authentic Parent Engagement and Shared Decisionmaking," at <http://bit.ly/LCFFparents>.

<sup>8</sup> Find background resources on LCFF at [www.publicadvocates.org/LCFF](http://www.publicadvocates.org/LCFF) and learn "7 Steps to Size Up Your School District's LCAP" at <http://bit.ly/7StepsLCAP>.